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Group Vice President - North America  
March 23, 2001

**NHTSA-01-8677-52**

National Highway Traffic Safety Administration  
Docket Management  
Room PL-401  
400 Seventh Street, S.W.  
Washington, DC 20590

**Re: Docket No. NHTSA 2001; Notice 1;  
Advance Notice of Proposed Rule Making; Early Warning Reporting  
Requirements**

Dear Sir or Madam:

At the National Highway Traffic Safety Agency's ("NHTSA" or the "Agency") request, the following comments are submitted on behalf of Valeo, Inc. ("Valeo") in response to the Advanced Notice of Proposed Rulemaking regarding Early Warning Reporting Requirements ("Reporting Requirements").

Valeo is a worldwide manufacturer of automobile parts and systems. Valeo employs over 75,000 people worldwide, with approximately 13,500 employees in North America. Valeo operates from more than 175 facilities, with its global headquarters in France and its North American headquarters in Michigan. It manufactures automobile parts as an original equipment supplier for virtually all of the major U.S. based and foreign original equipment manufacturers ("OEM"). In addition, Valeo supplies parts and components to other original equipment suppliers ("OES") and the independent aftermarket. Valeo is committed to rigorous testing, quality control and design improvement to produce safe, high quality parts for all its worldwide consumers.



Valeo supports NHTSA's efforts to provide a structured and reasonable means of enforcing the Transportation Recall Enhancement, Accountability, and Documentation Act ("TREAD" or the "Act") and other motor vehicle safety regulations. However, the scope of additional regulations must be balanced against the already significant costs (both in time and money) of investigating and reporting to NHTSA inherent in the rules currently in place. The Agency must guard against creating additional burdensome reporting that does not further automotive safety and ultimately may restrict the ability of the automotive industry to finance improved research and development.

Government compliance must not, by the nature of the time, effort and expense required to comply, become the focus of the automotive industry's safety efforts. Rather, the design and manufacture of safe, quality parts and vehicles must remain the industry's central focus.

Valeo supports the Agency's adoption of regulations for the Act that provide reasonable reporting requirements based on clear definitions and reasonable thresholds. Early warning reporting should be incrementally adopted only for a limited number of components and systems (such as those high warranty safety items already identified by NHTSA -- tires, fuel tanks, restraint systems and heavy vehicle brakes, axles and suspensions) and driven by the OEMs due to their direct relationship with the vehicle in its entirety and the vehicle's end-users.

With respect to the proposed rulemaking for the Reporting Requirements, Valeo offers the following specific comments:

**1. Categories of Parts/Components Subject to NHTSA Reporting Requirements; OEM as Reporting Entity.**

Consistent with NHTSA's own findings, early warning obligations should be limited to those components and systems that have demonstrated the highest level of safety related defects



in recent years. This will limit the burden of early reporting only to those areas where a substantial risk to public safety has arisen based on historical incidence. The Agency should insist upon the orderly presentation of material principally derived from the OEM. The OEM is in the unique position of viewing both the operation of individual parts in the component system and the finished product. As well, the OEM's access to relevant data is enhanced due to its direct relationship with the dealer and the customer who drives the vehicle. However, as is currently the case, the OEM and the supply base must work closely together to provide information to the Agency where a supplier's product is central or supportive of the subject safety concern.

In determining the scope of reporting requirements in early warning situations, the Agency must be careful to avoid an overly burdensome and, therefore ineffective reporting requirement. The significant danger is creating a threshold for reporting at such a low level that the Agency becomes inundated with reports that cannot be properly evaluated. It does the public, as well as the integrity of the Agency, and the OEM and OES communities, a disservice to assume that every failed part or every warranty claim raises the safety concern level to the necessity of a public report.

In determining what threshold a claim or incident should satisfy in order to require an early report, the Agency should be guided by a consistent policy requiring manufacturers to report potential performance issues only in those circumstances where there is a clear concern regarding serious injury or death. Not every report, lawsuit or warranty claim involves a safety concern. At the same time, establishing a threshold based upon an arbitrary number misses the



point of identifying serious safety concerns. Only when the vehicle or component poses a threat of or has caused serious injury or death should reporting be required.<sup>1</sup>

Valeo opposes reporting running production changes and service part changes to the Agency. This obligation would flood the Agency with details of operations that do not contribute to the Agency's ability to monitor safety issues. Not every change to an automobile is made for the purpose of improving safety. Comfort, cost-effectiveness, aesthetics and the substitution of participants in the supply chain are just a few of the non-safety reasons for service and running changes. Changes that address safety defects are already required to be reported under 49 CFR Part 573.

## **2. Use of Information, Investigation and Field Report Data.**

Valeo objects to the Agency's proposal to permit NHTSA access to internal corporate investigations as part of the Reporting Requirements. Open access to internal investigation information would provide little or no additional benefit to the Agency and would disadvantage the industry and the public by inhibiting manufacturers from undertaking critical and in-depth self-assessments. Furthermore, internal investigations often involve circumstances unrelated to safety considerations. Similarly, field reports may be valuable in spotting potential issues for further consideration, but require internal validation before further study or action is taken. If an investigation demonstrates the existence of a serious safety issue, manufacturers already have the obligation to inform the Agency and remediate the defect. Requiring production of preliminary investigation material might dampen the flow of information within a manufacturer out of concern that such initiatives might later be misconstrued as admissions of safety considerations.

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<sup>1</sup> The content and frequency of the report should remain in the Agency's current format of a formal letter to the Agency. Valeo also commends the Agency to carefully evaluate an appropriate definition of "serious injury."



### **3. Legal Claims.**

The Agency's proposal to require the reporting of any claim arising from alleged serious injury, death or property damage invites abuse by those seeking to secure improper financial gain from manufacturers. A subset of the plaintiff bar would seek to exploit the threat of government reporting obligations to influence settlement – regardless of the merit of the claim. Valeo supports the adoption of a clear definition of “claim” and “serious injury,” as well as limitation on reporting only to those specific components and systems covered by the Act's Reporting Requirements.

### **4. Access to Customer/Dealer Information; Extension of Requirements to Equipment Manufacturers.**

Valeo opposes the suggestion that NHTSA be provided access to dealer and customer passwords and access to internal website or intranet posting boards. These internal mechanisms facilitate communication on a broad range of topics in a candid and probing manner. Providing NHTSA access to these forums would undoubtedly stifle the exchange of such information and as a result prevent the free flow of communication between customer and supplier.

As the production of tools and dies are set by the designs developed by the OEMs and supply base, extending record keeping under 49 CFR Part 576 to equipment manufacturers will not foster assessment of safety related concerns. If a manufacturer of a part creates a serious safety defect, it should remain the primary responsibility of the OEM to discern the root cause of the claim and report the problem. Adding an additional layer of reporting parties will burden the supply chain, inundate the Agency with duplicative and excessive information and increase cost to consumers without enhancing the safety of the vehicle itself.



## **Conclusion.**

Compliance with the proposed Reporting Requirements would require a significant ongoing expenditure of time and money. Neither expense would bear a corresponding benefit in the advancement of safety or the production of quality parts. Moreover, Valeo, like most suppliers, could not absorb substantial additional compliance costs without passing them directly to automotive manufacturers, and in turn, purchasers of vehicles.

The Agency should resist coupling the Act with unreasonable, expensive and unnecessary burdens. Valeo urges the Agency to limit early reporting to the OEM level and require it only where concern over serious injury or death arises in identified high risk components and systems. Regulations that are judiciously developed and look to the OEM for primary reporting responsibility will further the Agency's mission of promoting safety. Valeo is committed to providing safe components and systems and supports the adoption of government regulations that will facilitate the flow of relevant safety information necessary to protect the public.

Thank you for your careful consideration of this matter. Should you have any questions, please contact Mr. Joshua Sherbin, Valeo's North American Corporate Counsel, at (248) 340-8452 or me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Edward K. Planchon", written over a horizontal line.

Edward K. Planchon

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